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# THE WINNING FORMULA FOR GLOBAL ENTITY MANAGEMENT



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Today’s organizations are capitalizing on strong global economic growth and a deal-friendly environment.

Yet success comes with its own set of challenges. In the context of global business expansion, one of the more critical of these challenges involves effective entity management.

The sheer number of entities isn’t the only issue. Each entity may involve its own set of evolving rules, which greatly increases the complexity of overall entity management.

With that in mind, let’s take a deeper look at the challenges of modern entity management, how organizations can create a four-pillar strategy to overcome these challenges and the value of a trusted partner who can streamline and simplify compliance demands.

## DEFINING THE RISKS AND CHALLENGES

Experienced legal and compliance teams are no strangers to the widening responsibilities that arise when their organizations start pursuing international growth. Rules and regulations can expand dramatically, along with the penalties for not adhering to these requirements. This scenario creates even greater financial and reputational risk.

Another risk (and one that tends to get the attention of corporate leaders) is the issue of director liability. In some countries, directors may be legally liable for their organization’s delinquencies. This makes it essential that you maintain continuous visibility into any changes to local laws and the precise compliance requirements for every jurisdiction.

### The four pillars of effective compliance

A well-designed and executed compliance strategy is supported by four pillars: expertise, investment, oversight and strategy. Let’s take a closer look at how each of these elements impacts compliance:

#### Expertise

No matter the jurisdiction, there are local compliance requirements that must be met to maintain good standing. Managing a global entity often requires navigating a complex web of requirements and regulations to finalize transactions, perform court searches, retrieve documents, and so on. Expertise in the matters of local laws and processes is essential to this task.

#### Investment

When it comes to compliance, we ultimately get what we put in. Organizations that invest sufficient resources to create a true culture of compliance are best positioned to succeed.

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This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.

### Oversight

Visibility into what is occurring across all entities helps to prevent problems before they occur. It's not enough to stay current with statutory, fiduciary and regulatory responsibilities for directors, managers, partners and officers. It's also important to keep all paperwork on file and readily accessible. This includes Articles of Incorporation, stock certificates, and meeting minutes.

### Technology

Jurisdictional requirements and regulations are constantly changing. To stay current with these changes, corporate secretaries must have access to the most up to date compliance data for every entity.

That's why technology plays a critical supporting role by streamlining compliance processes and providing full visibility. Corporate records stored within internal databases should be updated in real-time, allowing teams to access key information the instant it's needed. A central repository of entity data — and a designated contact person who has the role of managing all entity communications — can help ensure that all compliance requirements are met on time.

### MERGERS AND ACQUISITION CHALLENGES

One of the most common scenarios for entities being created or transferred is a merger or acquisition. During this process, entities must be in good standing and maintaining good corporate record-keeping practices to help reduce the number of post-deal surprises.

During a transaction, sellers must comply with due diligence requests. Maintaining a central database with governing documents and director lists facilitates the execution of these requests in a timely manner.

Often, buyers will purchase a holding company with multiple dormant entities within the structure. In some cases, these buyers will ask the seller to liquidate these entities prior to the sale. Companies that actively manage their entities and eliminate dormant entities as they go will be better positioned for a fast and frictionless transaction.

Once the deal is complete, buyers will request governing documents. Again, keeping these materials in a readily accessible central repository helps ensure that things run smoothly and post-closing integration is a success.

### BENEFITS OF WORKING WITH A TRUSTED PARTNER

Managing global entity compliance requires a lot of coordination and attention to detail when keeping on top of a variety of complex compliance requirements across multiple jurisdictions with multiple vendors.

Working with a single point of contact to handle these jurisdictional requirements makes the process much more streamlined and efficient. Organizations can tap the expertise of partners who are trusted, on-the-ground authorities that help maintain global compliance in a secure and cost-effective fashion.



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Choosing the right partner is key. Organizations should look for an experienced and trusted partner with the ability to simplify and ease the compliance burden and free them to dedicate their focus on core parts of their business.

### WHY CT IS A LEADING COMPLIANCE PARTNER

CT Corporation has developed a reputation as the most trusted partner in global compliance management for several reasons:

- ▶ **Service:** CT offers peerless client service paired with an efficient model that simplifies the demands of compliance management. CT provides a single point of contact through which all compliance needs are funneled, saving time and money and lowering risk.
- ▶ **Technology:** CT's hCue entity management software system is a best-in-class centralized platform that provides essential oversight functions and issues alerts about upcoming obligations.
- ▶ **Content:** CT offers its clients access to the most up-to-date information regarding regulations and jurisdictional obligations. This information is readily accessible and always current.

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## IN CONCLUSION

Good governance is critical for organizational growth and stability. As businesses grow, it falls on compliance and legal teams to support this growth by ensuring that all regulations, requirements and obligations are met.

By taking a strategic approach to global entity management that focuses on expertise, investment, oversight and technology — and working with the right partner — today's compliance professionals can feel confident that they're doing everything possible to help their companies succeed.